



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

New York City conference of charities and correction. Proceedings of the sixth conference, May 25-27, 1915. (New York. 1916. Pp. 266.)

Report of the welfare work for employees for 1915. (New York: Metropolitan Life Insurance Company. 1916. Pp. 15.)

Second annual report of the commissioner of labor and industry of the commonwealth of Pennsylvania, 1914. Pt. I, *Production, wages, employees, welfare, and educational work.* (Harrisburg, Pa.: Dept. of Labor & Industry. 1915. Pp. 579.)

Second report of the Central Control Board (liquor traffic) appointed under the Defence of the Realm (amendment no. 3) act, 1915, being report to March 31, 1916. (London: Wyman. 1916. 4d.)

A vocational guidance bibliography prepared for school and public libraries and arranged especially for youths, teachers, and specialists. (Sacramento, Calif.: State Board of Education. 1916. Pp. 24.)

Insurance and Pensions

The Essentials of the Fire Insurance Business. By EDWARD AUGUSTUS KETCHAM. (Madison, Wisconsin: The author. 1916. Pp. 301.)

The author has been for ten years an examiner in a state insurance department and his purpose in writing this book is stated to be "to place in convenient form the essential elements relating to the fire insurance business . . . for the student." The following chapters occupy 218 of the 301 pages and constitute the important part of the book: History of Fire Insurance (two chapters), Rating of Risks, Fire Insurance Accounting, and Examination of a Fire Insurance Company. The last two chapters, which are based upon the author's experience as an examiner, are the best part of the discussion. The book is almost wholly descriptive, with much detail in parts of it. The style is good, but there is a lack of unity and logical arrangement, each chapter reading as if it had been prepared as a paper or as an address. There is little discussion of the fundamental principles underlying fire insurance or of the concrete problems which arise in the conduct of the business.

In the chapter on Basic Principles of Insurance one reads (p. 4): "It [insurance] must have existed from the beginning of history." Mutual helpfulness or human coöperation doubtless did exist, but insurance as a business certainly did not. The technical definition of insurance is given as "indemnity against loss." Few students of life insurance, as well as of some other forms of insur-

ance, would accept this definition. Indeed, the courts have sometimes refused to accept such a definition of fire insurance. It is stated (p. 7) that the "insurance companies frequently put up large sums of money as a guarantee of their good faith in carrying out their contracts"; and (p. 8) "that stock companies are required to have a cash capital in order to guarantee the carrying out of their contracts." It is not the capital stock contribution even in stock companies which is of chief significance in the protection to policyholders. The capital stock, either of life or fire companies, is usually an insignificant sum in comparison to their total liabilities. It is the reserve which is required to be set aside, and the valuation of the assets under the regulations of the states and other regulatory laws which gives the real guaranty to policyholders. The capital fund becomes of significance only at times of crises in the history of the companies, as, for example, when a conflagration occurs.

In the chapters on the History of Fire Insurance a fruitless effort is made to trace insurance back to the code of Hammurabi. Modern business institutions are in almost every instance a product of modern times, and insurance is no exception to the general rule. The history of fire insurance in the United States is divided into four periods: Formation time, 1721-1835; reservation, 1835-1866; coöperation and rates, 1866-1911; growth of government insurance, 1906 to the present. The logic of such a division is very questionable. Reservation no more characterizes the period 1835-1866 than it does the present period. The period 1866-1911 is called "coöperation and rates," yet the author states (p. 59) that "the period covered from 1874-1880 is known as the time of demoralization." Demoralization and coöperation are usually considered mutually exclusive, and as a matter of fact much of the period 1866-1911 was characterized by rate wars and rate cutting and little coöperation among fire insurance companies.

In the chapter on rates a few pages are devoted to the Mercantile and Dean schedules now in general use, and almost twice as many pages to a proposed system of rating which has not been applied in practice. The author seems to think that rates based upon experience will be superior to the present systems, chiefly because there will be in the experience rates no arbitrariness or judgment. Whatever may be the merits and need of an experience system of rate making, there will be in any such system elements of judgment and arbitrariness. The fire insurance rate is a price

set for the production of a service, the cost of which can not be known at the time the sale is made. Experience and classification will be of great service in devising proper fire insurance rates, but no such system has yet been suggested which is free from arbitrary and judgment considerations. The classification itself is arbitrary; likewise, the grades of occupancy, the classification of cities and other parts of the several systems of experience grading which have been recently proposed.

One of the several examples of illogical arrangement which may be noted is in chapter 11 where Building Material is included with Agency Management. Chapter 8 is a discussion of Fire Prevention and chapter 6 of Fire Hazard. Either chapter would seem to be a more logical place to discuss building material. Chapters 10 and 11, devoted respectively to discussion of Fire Insurance Accounting and Examination of a Fire Insurance Company, are interesting and valuable chapters, although they contain some questionably relevant material; as, for example, a discussion of the operation and evils of private detective agencies (pp. 226-231). If the author had expanded these two chapters to cover the material in the other nine chapters, his book would have been more of a contribution to the literature of insurance; for there is need of a book on the examination of fire insurance companies as a companion volume to Wolfe's *Examination of Life Insurance Companies*.

No index is provided; and this in a book lacking unity, and almost wholly descriptive in character, becomes a more than ordinarily serious defect.

WILLIAM F. GEPHART.

Washington University.

Health Insurance. Its Relation to the Public Health. By B. S. WARREN and EDGAR SYDENSTRICKER. Public Health Bulletin No. 76. (Washington: United States Public Health Service. 1916. Pp. 76.)

In the history of the health insurance movement in this country this little pamphlet has played a historic role, the importance of which can not be overestimated. The studies upon which it is based were begun under the auspices of the United States Commission on Industrial Relations, and thus there is attached to them the weight of double government authority, for both the Commission on Industrial Relations in its majority report and